

CHAPTER NO. 701

HOUSE BILL NO. 2134

By Representatives Cross, Patton, Davis

Substituted for: Senate Bill No. 2181

By Senator McNally

AN ACT to amend Tennessee Code Annotated, Section 7-82-501, relative to certain short-term borrowings by natural gas utility districts.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-82-501, is amended by inserting the following language as a new, appropriately designated subsection immediately following subsection (a) and by redesignating subsequent subsections accordingly:

() Any utility district which has the power and authority to operate a gas distribution system may borrow money in anticipation of the collection of revenues from such system and issue negotiable notes to evidence such borrowing for the purpose of financing gas purchases, including storage costs and pipeline capacity costs. Any such notes shall be secured solely by a pledge of and lien on the revenues of such system. The principal amount of notes which may be issued during any twelve (12) month period shall not exceed sixty percent (60%) of total gas purchases for the same period, and all notes issued during such period shall be retired and paid in full on or before the end of such period. The notes shall be sold in such manner, at such price and upon such terms and conditions as may be determined by the board of commissioners of the district issuing such notes. No notes shall be issued under this subsection unless the gas system for which the notes are to be issued has positive retained earnings as shown in the most recent audited financial statements of the system and the system has produced positive net income in at least one (1) fiscal year out of the three (3) fiscal years next preceding the issuance of the notes as shown on the audited financial statements of the system. No notes shall be issued without first being approved by the State Director of Local Finance. Notes issued pursuant to this section and the income therefrom, shall be exempt from all state, county and municipal taxation, except inheritance, transfer and estate taxes. If revenues of such system are insufficient to pay all such notes at maturity, any unpaid notes may be renewed one (1) time for a period not to exceed one (1) year, or may be otherwise liquidated as approved by the Comptroller of the Treasury or the Director of the Division of Local Finance.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: March 23, 1998


JIMMY RAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES


JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this 1st day of April 1998


DON SUNDQUIST, GOVERNOR